GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:4327
ANSWERED ON:18.12.2000
POWER REFORMS FOR IMPLEMENTATION OF POWER PROJECT
RAMDAS ATHAWALE

Will the Minister of POWER be pleased to state:

(a) whether his ministry has ruled out revoking all the provisions in the Indian Electricity Act which empowers the Government to amend or revoke any license in public interest;

(b) if so, the details thereof;

(c) whether his Ministry has also expressed resentment over the demand of certain promoters of existing projects that show-case power projects should not be allowed to hinder their path;

(d) if so, the details thereof; and

(e) the other reforms being considered by the Government to give more powers to the private power sector for immediate implementation of the projects?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a): No, Sir.

(b): Does not arise.

(c): No, Sir.

(d): Does not arise in view of reply to (c) above.

(e): It has emerged in the meetings of the Crisis Resolution Group (CRG) set up under the Chairmanship of Minister of Power to resolve the `last mile` problems of private power projects that the main factor responsible for the poor private sector investments in the power sector is the poor financial health of the State Electricity Boards (SEB) and the non-availability of adequate escrow cover as security. As such an alternative security mechanism is being evolved under which that IPP financing would be linked with the progress of reforms undertaken by the State Governments. Accordingly, the IFIs comprising of IDBI, IFCI, IDFC and ICICI have prepared a not indicating road maps and milestones for reforms which will run concurrently with IPP financing.